

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

**HEE YONG PARK
5241 LINCOLN AVENUE, #C2
CYPRESS, CA 90630**

**Certified Public Accountant
Certificate No. 94928**

Respondent.

Case No. AC-2012-49

OAH No. SD2012703663

DECISION AND ORDER

The attached Stipulated Surrender of License and Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on August 31, 2013.

It is so ORDERED August 1, 2013.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 JAMES M. LEDAKIS
Supervising Deputy Attorney General
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Attorneys for Complainant

8
9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

11 In the Matter of the Accusation Against:

Case No. AC-2012-49

12 **HEE YONG PARK**
13 **5241 Lincoln Avenue, #C2**
14 **Cypress, CA 90630**

**STIPULATED SURRENDER OF
LICENSE AND ORDER**

15 **Certified Public Accountant**
Certificate No. 94928.

16 Respondent.

17
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties in this
19 proceeding that the following matters are true:

20 PARTIES

21 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
22 Accountancy. She brought this action solely in her official capacity and is represented in this
23 matter by Kamala D. Harris, Attorney General of the State of California, by Carl W. Sonne,
24 Deputy Attorney General.

25 2. Hee Yong Park (Respondent) is represented in this proceeding by attorney Yohan
26 Lee, whose address is 6281 Beach Blvd., No. 102, Buena Park, California 90621 (telephone 714-
27 523-2700).
28

3. On or about April 17, 2006, the California Board of Accountancy issued Certified Public Accountant Certificate No. 94928 to Hee Yong Park (Respondent). The Certified Public Accountant Certificate was in full force and effect at all times relevant to the charges brought in Accusation No. AC-2012-49 and will expire on April 30, 2015, unless renewed.

JURISDICTION

4. Accusation No. AC-2012-49 was filed before the California Board of Accountancy (CBA), Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on April 10, 2013. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2012-49 is attached as Exhibit A and incorporated by reference.

ADVISEMENT AND WAIVERS

5. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. AC-2012-49. Respondent also has carefully read, fully discussed with counsel, and understands the effects of this Stipulated Surrender of License and Order.

6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

CULPABILITY

8. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2012-49, agrees that cause exists for discipline and hereby surrenders his Certified Public Accountant Certificate No. 94928 for the CBA's formal acceptance.

1 9. Respondent understands that by signing this stipulation he enables the CBA to issue
2 an order accepting the surrender of his Certified Public Accountant Certificate without further
3 process.

4 RESERVATION

5 10. The admissions made by Respondent herein are only for the purposes of this
6 proceeding, or any other proceedings in which the California Board of Accountancy or other
7 professional licensing agency is involved, and shall not be admissible in any other criminal or
8 civil proceeding.

9 CONTINGENCY

10 11. This stipulation shall be subject to approval by the California Board of Accountancy.
11 Respondent understands and agrees that counsel for Complainant and the staff of the California
12 Board of Accountancy may communicate directly with the CBA regarding this stipulation and
13 surrender, without notice to or participation by Respondent or his counsel. By signing the
14 stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek
15 to rescind the stipulation prior to the time the CBA considers and acts upon it. If the CBA fails to
16 adopt this stipulation as its Decision and Order, the Stipulated Surrender and Disciplinary Order
17 shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action
18 between the parties, and the CBA shall not be disqualified from further action by having
19 considered this matter.

20 12. The parties understand and agree that facsimile, electronic, or pdf copies of this
21 Stipulated Surrender of License and Order, including facsimile, electronic or pdf signatures
22 thereto, shall have the same force and effect as the originals.

23 13. This Stipulated Surrender of License and Order is intended by the parties to be an
24 integrated writing representing the complete, final, and exclusive embodiment of their agreement.
25 It supersedes any and all prior or contemporaneous agreements, understandings, discussions,
26 negotiations, and commitments (written or oral). This Stipulated Surrender of License and Order
27 may not be altered, amended, modified, supplemented, or otherwise changed except by a writing
28 executed by an authorized representative of each of the parties.

14. In consideration of the foregoing admissions and stipulations, the parties agree that the CBA may, without further notice or formal proceeding, issue and enter the following Order:

ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 94928, issued to Respondent Hee Yong Park, is surrendered and accepted by the California Board of Accountancy.

1. The surrender of Respondent's Certified Public Accountant Certificate and the acceptance of the surrendered license by the CBA shall constitute the imposition of discipline against Respondent. This stipulation constitutes a record of the discipline and shall become a part of Respondent's license history with the California Board of Accountancy.

2. Respondent shall lose all rights and privileges as a certified public accountant in California as of the effective date of the CBA's Decision and Order.

3. Respondent shall cause to be delivered to the CBA his pocket license and, if one was issued, his wall certificate on or before the effective date of the Decision and Order.

4. If Respondent ever files an application for licensure or a petition for reinstatement in the State of California, the CBA shall treat it as a petition for reinstatement. Respondent must comply with all the laws, regulations and procedures for reinstatement of a revoked license in effect at the time the petition is filed, and all of the charges and allegations contained in Accusation No. AC-2012-49 shall be deemed to be true, correct and admitted by Respondent when the CBA determines whether to grant or deny the petition.

5. Respondent shall pay the agency its costs of investigation and enforcement in the amount of \$20,000.00 prior to issuance of a new or reinstated license.

ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Yohan Lee. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Surrender of License

1 and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and
2 Order of the California Board of Accountancy.

3
4 DATED:


07/12/2013


HEE YONG PARK
Respondent

6 I have read and fully discussed with Respondent Hee Yong Park the terms and conditions
7 and other matters contained in this Stipulated Surrender of License and Order. I approve its form
8 and content.

9 DATED:

7/12/2013


YOHAN LEE
Attorney for Respondent

11
12 ENDORSEMENT

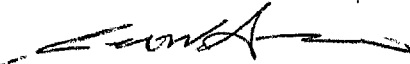
13 The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted
14 for consideration by the California Board of Accountancy of the Department of Consumer
15 Affairs.

16 Dated:

July 17, 2013

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
JAMES M. LEDAKIS
Supervising Deputy Attorney General


CARL W. SONNE
Deputy Attorney General
Attorneys for Complainant

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Exhibit A

Accusation No. AC-2012-49

1 KAMALA D. HARRIS
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9 **BEFORE THE**
10 **CALIFORNIA BOARD OF ACCOUNTANCY**
11 **DEPARTMENT OF CONSUMER AFFAIRS**
12 **STATE OF CALIFORNIA**

13 In the Matter of the Accusation Against:

Case No. AC-2012-49

14 **HEE YONG PARK**
15 **5241 Lincoln Avenue, #C2**
Cypress, CA 90630

A C C U S A T I O N

16 **Certified Public Accountant**
Certificate No. 94928

17 Respondent.

18
19
20 Complainant alleges:

21 **PARTIES**

22 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
23 the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

24 2. On or about April 17, 2006, the California Board of Accountancy issued Certified
25 Public Accountant Certificate Number 94928 to Hee Yong Park (Respondent). The Certified
26 Public Accountant Certificate was in full force and effect at all times relevant to the charges
27 brought herein and will expire on April 30, 2013, unless renewed.
28

JURISDICTION

3. This Accusation is brought before the California Board of Accountancy (CBA), Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code (Code) unless otherwise indicated.

4. Section 5062 states: "A licensee shall issue a report which conforms to professional standards upon completion of a compilation, review or audit of financial statements."

5. Section 5076, subdivision (a) states:

In order to renew its registration in an active status or convert to an active status, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years.

6. Section 5100 states:

After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

....

(b) A violation of Section 478, 498, or 499 dealing with false statements or omissions in the application for a license, in obtaining a certificate as a certified public accountant, in obtaining registration under this chapter, or in obtaining a permit to practice public accountancy under this chapter.

(c) Dishonesty, fraud, gross negligence, or repeated negligent acts committed in the same or different engagements, for the same or different clients, or any combination of engagements or clients, each resulting in a violation of applicable professional standards that indicate a lack of competency in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052.

...

(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

7. Section 5107, subdivision (a) states:

The executive officer of the board may request the administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate found to have committed a violation or violations of this chapter to pay to the board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees. The board shall not recover costs incurred at the administrative hearing.

///

8. Section 5109 states:

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy by operation of law or by order or decision of the board or a court of law, the placement of a license on a retired status, or the voluntary surrender of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation of or action or disciplinary proceeding against the licensee, or to render a decision suspending or revoking the license.

REGULATIONS

9. Title 16, California Code of Regulations, section 40, subdivision (a), provides as follows:

Commencing with the operative date prescribed by Section 45(b), a firm operating or maintaining an accounting and auditing practice shall have a peer review report accepted by a Board-recognized peer review program within 36 months prior to its first reporting date and have a peer review report accepted by a Board-recognized peer review program once every three years in order to renew its license.

10. Title 16, California Code of Regulations, section 58, provides as follows:

Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards.

11. Title 16, California Code of Regulations, section 87, provides in part as follows:

(d) Accounting and Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter pertaining to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is issued because the financial statements are not intended for use by third parties, the continuing education shall be completed in the same two-year license renewal period as the financial statements are submitted to the client.

(e) A licensee who must complete continuing education pursuant to subsections (c) and/or (d) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (c) or (d).

1
2 APPLICABLE PROFESSIONAL STANDARDS

3 12. Standards of practice¹ pertinent to this Accusation and the engagements at issue
4 include, without limitation:

5 Tax Preparation Standards

6 a. United States Internal Revenue Service (IRS) Publication 1345 "Handbook for
7 Authorized IRS e-file Providers of Individual Income Tax Returns" and the IRS Form 8879
8 Instructions describe the Electronic Return Originator's (ERO) duties after submitting a tax
9 return to the IRS. They provide in pertinent part:

10 1. Forms 8879 and 8878 must be available to the IRS for three years from the
11 due date of the return or the IRS received date, whichever is later.

12 2. The ERO must retain copies of the following until the end of the calendar
13 year:

- 14 • A copy of Form 8453, U.S. Individual Income Tax Transmittal for an IRS
- 15 e-file Return, and
- 16 • Supporting documents that are not included in the electronic records
- 17 submitted to the IRS;
- 18 • Copies of Forms W-2, W-2G and 1099-R;
- 19 • A copy of signed IRS e-file consent to disclosure forms;
- 20 • A complete copy of the electronic portion of the return that can be readily
- 21 and accurately converted into an electronic transmission that the IRS can
- 22 process; and
- 23 • The acknowledgement file for IRS accepted returns.

24 The ERO must be able to reproduce all records with a high degree of legibility and
25 readability (including taxpayers' signatures) when displayed on a video terminal
26

27 ¹ All references herein to standards and other authoritative literature are to the versions in
28 effect at the time the compilations and tax returns were performed.

1 and when reproduced in hard copy.

2 b. IRS Instructions for Form 1040 state: "You must report unearned income, such as
3 interest, dividends, and pensions, from sources outside the United States unless exempt by law or
4 a tax treaty."

5 c. IRS instructions for Form 2106 – "Employee Business Expenses" states in pertinent
6 part:

7 "...you should figure your expenses both ways to find the method most
8 beneficial to you. But when completing Form 2106 fill in only the sections
9 that apply to the method you choose."

10 d. IRS Publication 501 – "Exemptions, Standard Deduction and Filing Information"
11 provides the following guidance for claiming dependents:

12 A qualifying relative that you claim as a dependent must meet the:

- 13 • Gross income test, and the
14 • Support test

15 The guidance states the person's gross income for the year must be less
16 than \$3,650. They define gross income as all income in the form of
17 money, property, and services that is not exempt from tax.

18 In a merchandising business, gross income includes the total net sales
19 minus the cost of goods sold, plus any miscellaneous income from the
20 business.

21 e. Head of Household Status: IRS Form 1040 instructions state in pertinent part "that to
22 qualify for head of household filing, if you were unmarried or legally separated,you must
23 have paid over half the cost of keeping up a home in which you lived and in which your
24 dependent also lived for more than half of the year..."

25 f. IRS Publication 946 – "How to Depreciate Property" provides guidance on
26 depreciating assets used in a business, providing in pertinent part:

27 "You stop depreciating property when you retire it from service...you retire
28 property from service when you permanently withdraw it from use in a trade or

1 business because of

- 2 • a sale or exchange
- 3 • conversion to personal use
- 4 • abandonment
- 5 • transfer to a supplies or scrap account
- 6 • property is destroyed”

7 g. Title 31, United State Code of Federal Regulations, section 10.22(a) states in part
8 that a “practitioner must exercise due diligence —

9 (1) In preparing or assisting in the preparation of, approving, and filing tax
10 returns, documents, affidavits, and other papers relating to Internal Revenue
11 Service matters;”

12 h. The American Institute of Certified Public Accountants (AICPA) Statements on
13 Standards for Tax Services No. 3 states:

14 “(2) In preparing or signing a return, a member may in good faith rely, without
15 verification, on information furnished by the taxpayer or by third parties.
16 However, a member should not ignore the implications of information
17 furnished and should make reasonable inquiries if the information furnished
18 appears to be incorrect, incomplete, or inconsistent either on its face or on the
19 basis of other facts known to a member. Further, a member should refer to the
20 taxpayer’s returns for one or more prior years whenever feasible.

21

22 (4) When preparing a tax return, a member should consider information actually
23 known to that member from the tax return of another taxpayer if the
24 information is relevant to that tax return and its consideration is necessary to
25 properly prepare that tax return.”

26 i. Schedule D – Disposition on Sale of Assets: IRS Publication 544 – “Sales
27 and Other Dispositions of Assets” provides guidance on the proper treatment of the sale of
28 a business, stating: “Use Form 4797 to report gain or loss from a sale, exchange, or

1 involuntary conversion of property used in your trade or business or that is depreciable or
2 amortizable....Carry a net loss to Part II of Form 4797 as an ordinary loss." (Emphasis
3 added.)

4 Compilation Standards

5 j. Statement on Standards for Accounting and Review Services (SSARS) 19 section AR
6 80 (Compilation of Financial Statements) provides the following requirements of a compilation
7 report:

8 1. Section 80.02 and Section 80.03 require that the accountant obtain an
9 "understanding with management regarding the services to be performed for compilation
10 engagements" and requires that "These matters should be communicated in the form of an
11 engagement letter."

12 2. Section 80.12 provides that before "submission, the accountant should read
13 the financial statements and consider whether such financial statements appear to be
14 appropriate in form and free from obvious material errors."

15 3. Section 80.16 and section 80.17 provide for those required elements to be
16 contained in a report, which include the following standards:

17 "a. *Title:* The accountant's compilation report should have a title that clearly
18 indicates that it is the accountant's compilation report. . . . Appropriate titles
19 would be "Accountant's Compilation Report" or "Independent Accountant's
20 Compilation Report."

21

22 *d. Management's responsibility for the financial statements and for internal*
23 *control over financial reporting.* A statement that management (owners) is (are)
24 responsible for the preparation and fair presentation of the financial statements in
25 accordance with the applicable financial reporting framework and for designing,
26 implementing, and maintaining internal control relevant to the preparation and fair
27 presentation of the financial statements."

28 4. Section 80.18 states that "Each page of the financial statements compiled

1 by the accountant should include a reference, such as "See accountant's compilation
2 report" or "See independent accountant's compilation report."

3 5. Section 80.64 provides that standard Compilation Reports include a reference
4 to accounting principles that are generally accepted in the United States of America in the
5 introductory paragraph.

6 k. FASB ASC 350-20-35 provides that the carrying amount of goodwill is not
7 amortized.

8 FACTS

9 13. Responding to a consumer complaint, on July 28, 2011, the CBA requested
10 Respondent provide information and documents concerning his preparation of the 2008 and 2009
11 tax returns for a Ms. G, and for Ms. G's parents, Mr. and Mrs. P, for the same years. On August
12 10, 2011, Respondent produced a written response and documentation to the CBA. Respondent
13 had not retained copies of the signed e-filing verification forms and other documents as required
14 by the United States Internal Revenue Service (IRS). The tax returns produced were prepared by
15 Respondent under the name of "Park and Associates," a name not registered with the CBA.

16 14. On or about September 14, 2011, Respondent informed the CBA that he was not
17 required to have a peer review pursuant to Code section 5076, subdivision (a), which requires
18 mandatory peer review for those certified public accountants providing certain specified
19 accounting services, such as preparation of compilation reports undertaken by Respondent,
20 referred to below. Respondent had not previously submitted to a peer review by July 2011, as
21 required by the CBA.

22 15. On October 26, 2011, the CBA sent a letter to the Respondent requesting
23 explanations of his tax treatment regarding:

- 24 a. Ms. G's vehicle expenses;
- 25 b. Ms. G's claim of her parents as dependents;
- 26 c. Mr. and Mrs. P's loss on the disposal of their business; and
- 27 d. Mr. and Mrs. P's income and expenses.

1 16. On or about November 29, 2011, the CBA received Respondent's response. On
2 December 22, 2011, the CBA requested from Respondent the following documents:

- 3 a. Depreciation schedules for Mr. and Mrs. P's returns;
4 b. Information regarding the loss computation on Schedule D of Mr. and Mrs. P's
5 return;
6 c. Copies of the Respondent's recent Continuing Education Certificates;
7 d. A description of Respondent's practice.

8 17. On March 1, 2012, the CBA further requested information on Respondent's
9 compilations. On March 29, 2012, Respondent provided copies of two compilations he had
10 prepared in 2012 and indicated that he had prepared 16 compilation reports in 2010, 25 reports in
11 2011, and 19 reports in 2012. On April 26, 2012, Respondent submitted to the CBA two
12 additional compilation reports he had produced in 2011. Respondent did not have engagement
13 letters for any of the compilation engagements that he submitted to the CBA.

14 **FIRST CAUSE FOR DISCIPLINE**

15 **(Repeated Acts of Negligence)**

16 18. Respondent is subject to disciplinary action under Code section 5100(c) in that
17 Respondent committed the following repeated acts of negligence in the preparation of the tax
18 returns and compilation reports described above that departed from applicable professional
19 standards as follows:

20 **Violations of Tax Preparation Standards**

21 a. E-filing – Failure to Retain Documentation: Respondent failed to retain copies of
22 signed e-filing verification forms and related documents for Ms. G for her 2008 and 2009 tax
23 returns in violation of IRS Publication 1345 "Handbook for Authorized IRS e-filing Providers of
24 Individual Income Tax Returns" and the IRS Form 8879 Instructions.

25 b. Form 1040: Respondent was negligent in not recording foreign interest income of
26 \$13,519 on Mr. and Mrs. P's 2009 Form 1040.
27
28

1 c. IRS Form 2106: Respondent negligently recorded both mileage expense and
2 depreciation on Form 2106 for the same vehicle on Ms. G's 2008 return in violation of the
3 instructions for completing Form 2106 – Employee Business Expenses.

4 d. Dependent Gross Income Test: Respondent negligently misapplied the Dependent
5 Gross Income Test when he recorded Mr. and Mrs. P as dependents on Ms. G's 2008 and 2009
6 tax returns, when Mr. and Mrs. P's returns show gross income of \$24,748 and \$16,636 in 2008
7 and 2009, respectively.

8 e. Dependent Support Test: Mr. Park negligently misapplied the Dependent Support
9 Test when he recorded Mr. and Mrs. P as dependents on Ms. G's 2008 and 2009 tax returns,
10 when Mr. and Mrs. P paid for their own lodging, medical and transportation expenses and
11 therefore do not meet the IRS support test to be claimed as dependents, and when Respondent
12 knew Mr. and Mrs. P had received a substantial inheritance.

13 f. Head of Household: Respondent violated the standards set forth in the instructions
14 for Form 1040 for head of household requirements and negligently failed to advise Ms. G that she
15 did not qualify to file as head of household and negligently prepared Ms. G's returns with an
16 incorrect filing status since, *inter alia*, Mr. and Mrs. P paid their own lodging expenses.

17 g. Schedule C Depreciation Error: Respondent negligently recorded a full year's
18 depreciation for business assets claimed on Mr. and Mrs. P's 2009 Schedule C when that business
19 was disposed of on January 28, 2009.

20 h. Schedule D Loss on Disposition Error: Respondent negligently recorded the
21 loss on the disposition of the business as a capital loss on Schedule D, when the loss was
22 an ordinary loss that should have been recorded on Form 4797 and taken in the year of
23 disposition.

24 i. Form 1116 – Foreign Tax Credit: Respondent negligently prepared a Form
25 1116 Foreign Tax Credit that contained several misposting and calculation errors, and did
26 not record the same income on the client's Form 1040.

27 Violations of Compilation Report Standards

28 j. The reports produced by Respondent to the CBA were incorrectly titled as

1 "Compilation Letters".

2 k. The reports did not reference that they were prepared in accordance with accounting
3 principles generally accepted in the United States of America in the introductory paragraph of the
4 report.

5 l. The reports did not contain a statement regarding management's responsibility for the
6 financial statements and for internal control over financial reporting.

7 m. Respondent's compilation report refers to "Statement of Income" but the financial
8 statement is titled "Profit and Loss".

9 n. Each page of the financial statements failed to include a reference, such as "See
10 accountant's compilation report" or "See independent accountant's compilation report," as required
11 by applicable standards.

12 o. Signed engagement letters were not obtained from the client.

13 p. One balance sheet for which Respondent prepared a compilation report showed
14 goodwill amortization, in violation of FASB ASC 350-20-35, which provides that goodwill is no
15 longer amortized.

16 **SECOND CAUSE FOR DISCIPLINE**

17 **(Gross Negligence)**

18 19. Respondent is subject to disciplinary action under Code section 5100(c) in that
19 Respondent committed the following acts of gross negligence in the preparation of the tax returns
20 and compilation reports described above that constitute extreme departures from applicable
21 professional standards as follows:

22 a. Respondent committed an act of gross negligence when he misapplied the
23 Dependent Gross Income Test, when he recorded Mr. and Mrs. P as dependents on Ms. G's 2008
24 and 2009 tax returns, when Mr. and Mrs. P's returns show gross income of \$24,748 and \$16,636
25 in 2008 and 2009, respectively.

26 b. Respondent committed an act of gross negligence when he misapplied the
27 Dependent Support Test, when he recorded Mr. and Mrs. P as dependents on Ms. G's 2008 and
28 2009 tax returns, when Mr. and Mrs. P paid for their own lodging, medical and transportation

1 expenses and therefore do not meet the IRS support test to be claimed as dependents, and when
2 Respondent knew Mr. and Mrs. P had received a substantial inheritance.

3 c. Respondent's compilation reports contained several violations of compilation standards
4 that constitute gross negligence indicating a lack of competency in the handling of compilation
5 engagements.

6 d. One balance sheet prepared by Respondent showed goodwill amortization, in
7 violation of FASB ASC 350-20-35, which provides that goodwill is no longer amortized.

8 **THIRD CAUSE FOR DISCIPLINE**

9 **(Failure of Report to Conform to Professional Standards -Business & Professions Code section 5062)**

10 20. Respondent is subject to disciplinary action under section 5100 of the Code in that
11 Respondent committed acts of unprofessional conduct, described in paragraph 17 and 18 above,
12 by violating the requirement set forth in section 5062 of the Code that a licensee's report shall
13 conform to professional standards upon completion of a compilation, review or audit of financial
14 statements. As set forth above, the Respondent's compilation reports contained extreme and
15 negligent departures from professional standards.

16 **FOURTH CAUSE FOR DISCIPLINE**

17 **(Failure to Comply with Professional Standards -Board Rule 58)**

18 21. Respondent is subject to disciplinary action under section 5100 of the Code in that
19 Respondent committed acts of unprofessional conduct, described in paragraph 17 and 18 above,
20 by violating the requirement set forth in Board Rule 58 that a licensee shall comply with all
21 professional standards. As set forth above, the Respondent's compilation engagements and tax
22 work contained extreme and negligent departures from professional standards.

23 **FIFTH CAUSE OF ACTION**

24 **(Willful Violation of CBA Laws – Code 5100(g))**

25 22. Respondent is subject to disciplinary action under Code section 5100(g) in that
26
27
28

1 Respondent willfully violated Code section 5076 and Title 16, California Code of Regulations
2 sections 40 and 52, when he reported to the CBA that he was not subject to peer review on or
3 about September 14, 2011.

4 **SIXTH CAUSE OF ACTION**

5 **(Willful Violation of CBA Laws – Code 5100(g))**

6 23. Respondent is subject to disciplinary action under Code section 5100(g) in that
7 Respondent willfully violated Code section 5076 and Title 16, California Code of Regulations
8 section 40, when he failed to undergo a peer review by July 2011.

9 **SEVENTH CAUSE OF ACTION**

10 **(Willful Violation of CBA Laws – Code 5100(b))**

11 24. Respondent is subject to disciplinary action under Code section 5100(b) in that
12 Respondent willfully violated Title 16, California Code of Regulations section 87(d), by falsely
13 stating in his April 30, 2011 Certified Public Accountant/Public Accountant License Renewal
14 Application that he was not subject to the Accounting and Auditing continuing education
15 requirement, when in fact he was subject to such requirement by reason of his preparation of
16 compilation reports dated March 1, 2011 and March 7, 2011.

17 **EIGHTH CAUSE OF ACTION**

18 **(Willful Violation of CBA Laws – Code 5100(g))**

19 25. Respondent is subject to disciplinary action under Code section 5100(g) in that
20 Respondent willfully violated Title 16, California Code of Regulations section 87(d) and (e),
21 when he failed to complete the 24 hours of the Accounting and Auditing continuing education
22 requirement and 8 hours of fraud detection and reporting classes to which he was subject by
23 reason of his preparation of compilation reports dated March 1, 2011 and March 7, 2011.

24 **PRAYER**

25 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
26 and that following the hearing, the California Board of Accountancy issue a decision:
27
28

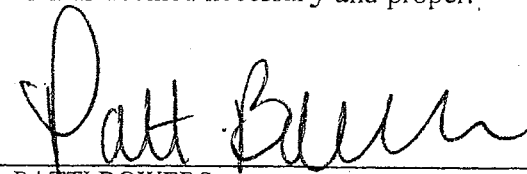
1 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
2 Accountant Certificate Number 94928, issued to Hee Yong Park;

3 2. Ordering Hee Yong Park to pay the California Board of Accountancy the reasonable
4 costs of the investigation and enforcement of this case, pursuant to Business and Professions
5 Code section 5107;

6 3. Ordering an administrative penalty pursuant to Business and Professions Code section
7 5116; and

8 4. Taking such other and further action as deemed necessary and proper.
9

10
11 DATED: April 5, 2013



PATTI BOWERS
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

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